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U.S.-ARGENTINE MILITARY RELATIONS
(to be used only if raised by GOA)I. STATEMENT OF PROBLEM

Our ability to maintain military relationships with Argentina is diminishing rapidly. The human rights situation led us to hold up negotiation of the FY 1977 FMS credits financing agreement, and led to Argentina's rejection of FY 1978 credits. IMET training will end in FY 1978 but could be eliminated earlier by Congress (the Roybal Amendment). Most seriously of all, it has become extremely difficult to approve either commercial arms or FMS sales to Argentina. ARA has agreed with D/HA that we should stay out of the internal security (policing and crowd control) field but D/HA wants to go further and ban all transfers. This issue was submitted to the Secretary for guidance and he called for a case by case review. Irrespective of what the Executive does, arms transfers to Argentina will be cutoff after September 30, 1978 (Kennedy/Humphrey Amendment) unless the human rights picture improves in Argentina. The GOA and the Embassy are anxious to learn what our arms transfer policy will be. The Bell Helicopter sale is a test case. If we fail to sell helicopters for Videla's protection and Antarctic operations, the GOA may be forced to conclude that we no longer wish any sort of defense relationship.

II. FOREIGN GOVERNMENT POSITION

Argentina values its military ties with the U.S. but could get along easily without us.

III. OUR POSITION

Military ties are very important to U.S. security interests in Argentina. During the World Wars and Korean War we were anxious to have Argentina on our side because of its enormous food resources which we wanted to deny to our enemies. Argentina is also the logistic base for a key U.S. Antarctic installation. Our claim to Antarctic resources would be weakened if we are unable to maintain our presence in Antarctica. We are also anxious about the possibility that Argentina might use its healthy trade surplus with the communist states to buy Soviet weaponry. Finally, and most significantly, a denial of military equipment would impede our ability to influence the Argentine atomic energy program (separate issue).

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IV. SUGGESTED TALKING POINTS

- The United States values its military ties with Argentina and knows the Argentine armed forces are anxious to cooperate with us.

- While we recognize the Armed Forces did not create the problem they are dealing with, there is no way for us to explain the current counterterrorist policies of the armed forces and police to our people.

- Our ability to provide equipment is related directly to Argentine internal security policies. At present, we are reviewing Argentine arms requests on a case by case basis.

- We hope earnestly that the restoration of due process in Argentina will permit us to develop more normal military relationships.

- If raised by the GOA: The \$15 million Bell Helicopter case must be submitted to the Congress for approval because it is a major weapons sale (over \$7 million). We are processing the helicopter request.

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